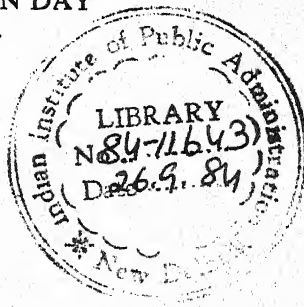


SOUTH - SOUTH COOPERATION

P. V. NARASIMHA RAO
Minister for External Affairs
Government of India



Delivered on
ANNUAL FOUNDATION DAY
MARCH 29, 1984



INDIAN INSTITUTE OF PUBLIC ADMINISTRATION
INDRAPRASTHA ESTATE, RING ROAD, NEW DELHI-110002

1984

PRICE : RUPEES THREE ONLY

PRINTED AT REPROLET, C-40/1, GOVIND PURI, KALKAJI,
NEW DELHI-110019.

SOUTH-SOUTH COOPERATION

P. V. NARASIMHA RAO

It is indeed an honour to be asked to deliver the Second IIPA Annual Endowment Lecture on the occasion of the Foundation Day of the Indian Institute of Public Administration. Today, the Institute completes thirty years of its existence. During this period, it has made outstanding contribution in the field of public administration. I take this opportunity to wish it well in its future endeavours.

The theme I have chosen for my lecture is South-South Cooperation. The history of South-South Cooperation is the history of a newly emerging world. The last four decades have witnessed a fundamental change in the global scene. When the United Nations was established soon after the World War II, the majority of the developing countries did not exist as independent nations. Today, they constitute more than three-fourths of its membership. One of the fundamental aims of the United Nations is to promote social progress and better standards of life in an atmosphere of freedom and to this end to employ international machinery for the promotion of the economic and social advancement of all peoples. But the efforts to realise this aim have so far met with little success. The gap between the rich and the poor continues to widen. The majority of mankind still lives in poverty, hunger and disease. The existing structures governing international economic relations have not been able to cope up with the problems of development. Their functioning continues to be characterised by inequality and domination by a handful of rich nations. Their decisions vitally affect the destinies of developing countries. Yet, these countries do not have an adequate voice in the process of decision

making. Often non-economic factors and political considerations influence their decisions.

The unprecedented crisis which the world economy has been facing during the last few years have highlighted more than ever before the need for fundamental changes in the existing world order. The current crisis has affected all countries, rich and poor, big and small. World production has declined. International trade has stagnated. In many developed countries, unemployment has reached unprecedented levels. The worst sufferers have, of course, been the developing countries as vast majority of their populations were already living below the poverty line. They are facing serious problems due to increasing balance of payments deficits, diminishing financial flows, worsening terms of trade, and protectionism. There have been signs of recovery in a few industrialised countries. But unless urgent steps are taken towards the goal of a new international economic order, it would not be possible to sustain the recovery, and its impact will continue to elude the developing countries.

The efforts by the South to engage in a serious dialogue with the North to bring about the desired changes in the existing order have met with little positive response. The impasse in the North-South dialogue continues. In the prevailing international environment, South-South Cooperation is not merely desirable but is, indeed, an imperative necessity. The fundamental objective of such cooperation is to strengthen the economic independence of developing countries and to promote their self-reliant development. These countries command vast markets among themselves. They have a large reservoir of human resources, raw materials, technical skills and now even financial resources. They must increasingly rely on their own resources and skills to bring about a rapid transformation of their societies. This will reduce the vulnerability of their economies to effects of adverse international economic trends and outside pressures. Greater cooperation among developing countries will bring obvious benefits to these countries. At the same time, it will help to increase their bargaining power in negotiations with developed countries and thus improve the prospects for such negotiations.

The torch-bearer of South-South Cooperation has been the Non-Aligned Movement. Even before the 'Group of 77' emerged as an important force in international economic relations, the Non-Aligned Movement had realised the importance of close cooperation among developing countries and had called for practical steps to this end. This will be borne out by all the documents of the Non-Aligned Movement right from 1961, when it was formally founded and there is no doubt that the Non-Aligned Movement today works in very close cooperation and coordination. In the Group of 77, the membership is overwhelmingly overlapping. There are certain countries which are in the Non-Aligned Movement but not in the Group of 77 and *vice versa*. But that is very insignificant part of the body. The idea behind the Group of 77 is that developing countries should come together and try to help each other in this process to withstand the onslaught of a new kind of exploitation that was coming in, after independence. This is the aspect which the Non-Aligned Movement has sponsored, has strengthened, and as a result of which the Group of 77 came into existence and today it is a very well-knit body. This is the background which one has to bear in mind while studying the deliberations and the prospects of the Group of 77 today. The Non-Aligned Movement realises the importance of such close cooperation of the non-aligned countries and has called for practical steps to this end. Since then, successive non-aligned meetings have devoted increasing attention to such cooperation and have drawn up concrete programmes of action. The Seventh Non-Aligned Summit, held in New Delhi a year ago, adopted a Declaration on Collective Self-Reliance among non-aligned and other developing countries. In this declaration, the Heads of State or government undertook a pledge to impart a fresh impetus to collective self-reliance based on principles of equality, justice, mutual benefit, and full respect for each other's independence and sovereignty. The summit meeting also reviewed implementation of the various programmes of cooperation and agreed on guidelines for the future.

The Non-Aligned Movement has always worked very closely with the Group of 77 in realising the goal of collective self-reliance. In fact it was the Non-Aligned Movement which

provided the impetus for the formation of the Group of 77. Although the Group of 77 was initially set up as the negotiating arm of the South in its negotiations with the North, it soon became apparent that it was not possible to insulate South-South from North-South issues in this interdependent world. The efforts of the Group of 77 to forge closer cooperation among its members culminated in the high level conference held in 1981. I consider it as watershed in the entire history of South-South Cooperation. I had the good fortune to represent India at that conference, and I could see with what amount of sincerity every one participated. Until then it was only talk, if you so wish. But then everybody said that there should be an end to this endless talk and now we should embark upon a programme. So, for the first time, in Caracas everybody applied his mind to the immediate need of chalking out a programme and, I am very glad to say, that the programme was conceived of in practical terms for the first time. Since then, we have done a good deal of work on that theme. The efforts of the Group of 77 to forge closer cooperation among its members culminated in the high level conference held in 1981. The Caracas programme of action adopted at that conference provides a comprehensive blueprint for South-South Cooperation. We are now engaged in active efforts to give it a practical shape.

Considerable progress has already been achieved in promoting South-South Cooperation. Most of the progress has so far been at the bilateral, subregional and regional levels. At the bilateral level, there are constant contacts among developing countries, who are increasingly relying on developed countries. At the subregional and regional levels, a large number of groups of developing countries are already in existence in Asia, Africa and Latin America. I may add here a very interesting sidelight, which came to my notice. Perhaps it might have been noticed by many others also at the time of NAM Conference. It is about the amount of shopping the delegates did here. It was really phenomenal. They emptied their purses and spent almost all the money they had. Now this was not for nothing: Not that they were unaware of the Indian goods. They made a very very exact calculation of what the prices were in India and how these compare with what they are actually paying for the same

thing when imported from other countries. And several of them told me—personally, it was quite a revelation—that they had never expected it. India was producing so many goods and at such affordable prices. In some cases, they also consulted their counterparts in India and came to the conclusion that not only in consumer goods, not only in items of normal shopping that a tourist does, but also in many of the technical goods and services required at governmental level, India compared favourably with others. For instance, if they have air planes, they send these to Western countries for repairs, maintenance, etc. The amount of money they have to spend in those countries, when compared to the Indian Airlines or the Air India charges here, was something which opened their eyes. So, on many many matters, it was an eye-opener to visitors of the NAM Summit and after that with their growing admiration for India has grown their desire to have deeper ties with India. These have been increasing day by day and I am very glad that this is paying us big dividends. I am talking about it not merely for the sake of benefit to India but in the context of North-South Cooperation. This was not merely an eye-opener in only one aspect but of many other aspects of the South-South Cooperation new areas of which have now been discovered. Whenever they come to me, they not only remember the NAM Summit but also tell me what they have discovered since the NAM Summit in the area of cooperation among themselves. You also know about the South-Asian cooperation that we have launched. I don't know whether I should refer to it in this lecture but this is one of the offshoots of the entire atmosphere of the discussions on South-South Cooperation resulting from the NAM Summits held so far, the last one of which was held in 1983.

In our own region, we have made a somewhat delayed start. But even in the relatively short period, since we initiated the process of South Asian regional cooperation, we have managed to enter an active phase of implementation, thanks to the thorough going preparatory work which preceded the signing of the SARC Declaration by the Foreign Ministers in August 1983 here in New Delhi. I understand, that while other regional cooperation programmes or concepts took 10 to 15 years to take shape, we

have got it within two years in our case, *i.e.*, in the case of the South Asian region. This is a good achievement, a proud achievement by any standard and I am sure that now after the forthcoming second meeting of the foreign ministers in Maldives some time in July this year, it is going to get another shot in the arm.

The programmes which we have initiated so far are somewhat modest—and rightly so—but they nevertheless cover important aspects of infrastructure and planning. The programmes will no doubt gather momentum as we gain experience. I am confident that greater cooperation among the countries of the region will not only contribute to their economic and social development but will also promote goodwill and harmony.

While cooperation at the subregional and regional levels has its value, it cannot be a substitute for cooperation among developing countries as also between developed and developing countries at the global level. With regard to the latter, only limited progress has been made so far, as I have just stated. One of the important initiatives taken under the Caracas Programme of Action is the establishment of the Global System of Trade Preference for which negotiations were launched recently. The negotiations have not, however, made much substantive progress. Difficulties have been encountered in securing the required institutional support in UNCTAD due to negative attitude of some developed countries. This is the well-known story, a rather sad story of the large organisations where not only no headway was made but perhaps the headway that was made previously was also negated. This also applies to implementation. I think Mr. Patil was there as witness of all this slow failure.

This implementation of the Global System of Trade Preference will give an enormous boost to the efforts of developing countries in its direction. There is, therefore, need for giving a fresh political impetus to these negotiations.

A related area of cooperation is that of raw materials. A vast majority of developing countries are heavily dependent on raw materials and primary commodities for their export

earnings. The highly volatile conditions in commodity markets coupled with the continuous deterioration in the terms of trade of developing countries place severe constraints on their developmental process.

This again, is a daily experience to us. There are countries which depend on a single commodity on the price of which they have no control at all. So, on the one hand, they say that their production has gone up phenomenally, but their earnings are going down. Now this is something which is not understandable. A country depends on just one commodity, and that commodity sells at a price which has nothing to do with the country's needs or the intentions of the producer. Its price is controlled sometimes in London and sometimes in other developed countries which makes its market biased and pushes the economy of that country down the hill. This has been happening in most of the African countries and many of the Asian countries. So, only those countries, whose exports are diversified, are able to stand this onslaught to some extent. But in the case of countries depending on one or two commodities, the situation is nearly hopeless.

There is a considerable potential for increased cooperation among developing countries in the financial and monetary fields. There is no doubt that the real solution of the problem of financial flows to developing countries, to meet their development needs, must be sought through an increase in concessional finance from developed countries and multilateral financial institutions. But at the same time, attention needs to be given to improvement of facilities for greater financial flows among developing countries. An important initiative taken in this regard under the Caracas Programme is the proposal for the establishment of a bank of developing countries. Some differences of view have recently emerged with regard to this proposal. I hope the efforts to resolve these differences will meet with success.

Many developing countries have acquired considerable technological skills and experience in the area of industrialisation. They are in a position to share their skills and experience with other developing countries. This can be

done through technical cooperation, joint industrial ventures and cooperation in the areas of science and technology. Experience has shown that such cooperation among developing countries can prove far more beneficial than their continued dependence on developed countries. The highly sophisticated technology available in the latter is far less suitable for conditions prevailing in most developing countries than the 'appropriate' technology which many developing countries are in a position to supply. We are in the process of establishing a non-aligned centre for science and technology in India which will play a crucial role in promoting South-South Cooperation in this important field.

Increased attention needs to be paid to the possibilities of South-South Cooperation in the area of food and agriculture. While a large number of developing countries are facing a critical food situation, there are others which have a food surplus. Among ourselves, we virtually possess all the resources needed for increased food production, namely, technical know-how, financial resources and the required inputs. Can we not devise practical programmes of cooperation based on the potential, the requirements and the resources available in the South? When I go to African countries, sometimes I feel very, very depressed. They have very good soil. In fact, in many parts of India we do not find that kind of soil. Because the Indian soil has been farmed for more than four thousand years, its productivity has deteriorated to a considerable extent. Africa has absolutely virgin soil which has tremendous agricultural productivity potential. Being a farmer myself, it catches my attention. This soil can be gainfully utilised by providing the required agricultural inputs. All this can be done only if South-South Cooperation in the agriculture sector can be strengthened. I have absolutely no doubt about that. They are getting tractors from other countries as they have no draught animals. They have perhaps killed all their cattle and have eaten them up. They have nothing to plough their land with. So today they need to take from India and such other countries not only certain equipment, implements, etc., but the whole philosophy. What is the philosophy of India? Why is it that Indian agriculture has not declined in spite of the land being put under plough for thousands of years? What is

the reason? What is the secret that countries like India and China where land continues to be fully exploited for such a long time but its productivity has not gone down? This is an important subject which many other countries need to study for their own benefit. I don't say learn from us, that would be rather boastful on our part, but I would say that here is an experience in India and China which can be really shared with other countries which are in a great need of it. The basic idea is to share knowledge and experience with sister countries to optimise practices for mutual benefit.

You find that in West Bengal some radical measures have been taken, both in agriculture as well as industry. But they are now coming to the conclusion that those models are wrong and it was not correct for them to have taken those models. At least two Prime Ministers at the time of the Commonwealth Summit here took me aside and told that apart from the deliberations in the Summit, they were impressed by our institutions. They told me that after seeing these institutions, they have come to the conclusion that what all they have been doing in their respective countries, since they attained independence, particularly in organising industry, was wrong. So they would like to scrap whatever they have been doing so far and start afresh. Taking me into confidence, they went to that extent in telling me. So it is not merely the implements, not merely the consumer goods, not merely the trade as we understand it but the entire philosophy of development which is of crucial importance. How much of the cake you should eat and how much you keep for tomorrow? How much is for consumption and how much should be kept aside for tomorrow's investment? It is the housewife's attitude and approach to the problem of economics. I think it is more important than the trade and other things: much deeper than that. This is what we have to share with the other sister developing countries. Once this is done, I am quite sure, the talents that they have with them, the history that they have, and the vitality of the people that they have in those countries, they can easily succeed. All these factors are not coming in to play because they have been super-imposed by a philosophy and a model which does not suit them. I am absolutely con-

vinced on this after having visited dozens of countries which are at the same level of development as India is. The only difference is that they have not developed as much as India has done despite availability of all the factors of development. There is nothing wrong basically except that they have taken the wrong models.

The area of energy similarly offers considerable scope for increased cooperation among developing countries. Here again, the countries of the South possess the necessary skills and resources which can be utilised to their mutual advantage not only to meet the energy requirement of deficient countries but also to assist them in the development of energy resources. Those of you who might have visited Africa will be immediately convinced that, if properly harnessed, the Victoria falls, located on the borders of Zambia, Zimbabwe can perhaps supply energy to the whole of the continent. I have no doubt about that. It is something one has to see to believe that a source of power, such enormous power, is just going waste. Nobody is doing anything to harness that. These are some of the things, some of the natural endowments, which the developing countries have. What is needed is to harness them. Let us take the case of Nepal, our own neighbour. The potential for generating hydroelectric power there is quite large. India can also use it, if we have cooperation arrangement with Nepal. We are trying to have this arrangement. There have been some obstacles, but we hope that in the near future we will make a breakthrough.

The potential for South-South Cooperation is vast and it is not possible in the course of this lecture to deal exhaustively with possible areas of cooperation. But, before I leave this subject, I do wish to mention one area, which I consider important, namely cooperation in the field of information. Information is crucial to the process of development. Sharing of information can contribute to growth and development. At the moment we are getting this information from sources other than the developing countries. Since we know the intentions of these countries, which we learn from sources giving information to us, each developing country will ultimately end up having a very poor opinion about them. So this is something which is really bad, which

is creating lot of estrangement among the developing countries themselves, and we deserve a much better system of information than what is available today. Simple reason being that we are not running it, somebody else is running it. So we have to do something about this new information order, whether one likes it or not, whether it is under the UNESCO or otherwise. But this is something which I consider absolutely basic to improve the conditions and to improve mutual understanding among developing countries.

Conversely, new information technologies can lead to a new process of dominance unless these are equitably shared. This is the most crucial point. If there are one or two countries which are absolutely monopolising on the entire system of information, I consider it as one very effective, but very undesirable method of controlling the minds of peoples. This kind of control can lead to thought control. Therefore, this monopoly needs to be broken. Maybe, we will not be able to do as well as they have been doing, because they have resources, expertise, and everything which we don't have. But even in an inadequate measure, we have to do this at the earliest, as I think it to be really basic.

We must ensure that developing countries do not get locked into a situation of dependence on the information system of a few advanced countries which have a tendency to indulge in sensationalism and to present a distorted picture of the Third World. Mutual cooperation among developing countries is essential to develop a system that is broad-based and equitable.

The primary responsibility for South-South Cooperation, no doubt, rests on the developing countries themselves. They must mobilise the necessary resources and deploy requisite means for promoting such cooperation. However, given their limitations and constraints, their efforts cannot succeed unless they have the support of the wider international community. The international organisations must assist these efforts through technical and institutional support and financial assistance.

The process of South-South Cooperation must involve not

only the government but also the peoples of developing countries, especially the representatives of private trade and industry, scientists and intellectuals. Institutes, such as yours, can play an important role in this process by generating new ideas as well as by training those who will be charged with the task of implementing these ideas.

India has always been in the forefront of efforts to promote economic and technical cooperation among developing countries. We have willingly shared our experience, skills and resources with other developing countries. We have provided technical cooperation in the modernisation of agriculture and industry, in the development of non-conventional sources of energy, in carrying out techno-economic surveys and in training young scientists, engineers and doctors from developing countries. We have actively participated in multilateral aid programme like the UN Development Programme, the Colombo Plan, the Commonwealth Fund for Technical Cooperation, Asian Development Bank, etc. At the United Nations Conference on Technical Cooperation among Developing Countries, India announced that it would set apart 10 per cent of its share of assistance from UNDP for programmes of technical cooperation among developing countries. We have special bilateral programmes of cooperation with some of our neighbouring countries. Since 1964, we have been operating the Indian Technical and Economic Cooperation Programme under which we have provided considerable technical assistance to many developing countries. We have completed more than 200 joint ventures in developing countries. As Chairman of the Non-Aligned Movement, India has been actively pursuing the various programmes of cooperation among non-aligned and other developing countries. We have had occasion to host meetings at the technical level to consider possibilities of cooperation in the areas of food and agriculture and the establishment of project development mechanism to promote cooperation in the development of consultancy services. Recently, we have established a Research and Information System for the non-aligned and other developing countries to serve as a forum for organising research, discussion and debate on international economic issues with a view to projecting the interests of developing countries. The acti-

vities of this organisation will foster South-South Cooperation not only by identifying potential complementarities among the countries of the Third World but also by providing technical support to these countries in their negotiations with the North.

I have spoken so far about the objectives and modalities of South-South Cooperation, the progress already achieved and the potential for the future. However, I believe that we must look beyond these aspects and view South-South Cooperation in a somewhat larger context. Before I conclude, I wish to share with you some thoughts about the wider objectives of such cooperation as I see them. The world is today witnessing an intensification of political tensions and armed conflict. Over the past few decades, the goal of political freedom from colonial rule has been, by and large, attained.

But the domination of the weak by the strong still continues and constitutes one of the biggest obstacles to peace and progress. Political freedom can have no meaning unless there is an end to inequality and exploitation. The arms race continues unabated. There are conflicts and tensions in many parts of the globe. In an increasingly inter-dependent world, the aggravation of tensions anywhere affects the entire world and jeopardises the prospects for peace. Peace and development are closely inter-related. The perpetuation of poverty in vast areas of the globe poses a direct threat to peace and stability. Just as there cannot be peace without development, equally there cannot be development without peace. An atmosphere of security, stability and harmony is indispensable to ensure orderly development and sustained progress. South-South Cooperation if it is to be meaningful, must contribute to the attainment of these wider objectives. By increasing our mutual cooperation, we the countries of the South can help in promoting cooperation at the global level. By contributing to the eradication of poverty, hunger and disease, we can improve the prospects for peace, progress and stability throughout the world.

We live in a world in which we are engaged in breaking the barriers which kept us away from our brethren. The

world should neither divide between East and West nor between North and South. Through our mutual cooperation, we must make the world a better place to live for succeeding generations. As Jawaharlal Nehru said years ago:

The door is open and destiny beckons to all. There is no question of who wins and who loses, for we have to go forward and together as comrades and either all of us win or we all go down together, but there is going to be no failure. We go forward to success. □